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III. Work-Life Voice: Examining the Relationship Between Different Forms of Employee Voice and Flexible Working Time Arrangements Across Countries

Trade-offs on Flexible Working Hours at the Company Level: Case Studies from Denmark and the United States

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Abstract

There has been a strong focus on employer interest in working time flexibility within industrial relations, and it has been extensively debated whether this interest is mainly found in certain sectors or certain types of labor markets. However, relative little debate exists on different interests among employees, although conditions for striking a balance between working life and family life depend on the welfare provisions offered. Drawing on case studies of collective bargaining at the company level in the American and Danish metal industry, this article argues that agreements on flexible working hours vary due to both different employer and employee interests. Agreements on working time flexibility are concluded within a complex interplay between sectors, industrial relations, and the welfare state.

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Introduction

Due to increased international competition, employers across the Western world show a growing interest in the implementation of external flexibility (hiring and firing of employees) as well as internal flexibility (flexible hours), although with different emphasis in different sectors (Katz and Darbishire 2000). On the one hand, employers depend more on skilled and experienced workers and have to utilize the hours worked; on the other hand they continuously need to adjust the number of employees. Nevertheless, important country-specific variations exist with regard to employer orientations toward flexibility. Following the Varieties of Capitalism School, strongly regulated Coordinated Market Economies (CMEs) like Germany have a larger prevalence of flexible working hours than less strictly regulated Liberal Market Economies (LMEs) like the United States, which, however, have a larger prevalence of hiring and firing (Hall and Soskice 2001). In recent years, Denmark has been highlighted as a hybrid of CMEs and LMEs (a so-called Negotiated Economy [NE]), with a large prevalence of both internal and external flexibility. However, little is known about how the orientation of employees toward work-life balances affects the actual elaboration of working time flexibility at the company level in these different economies.

This paper examines how the interests of employers as well as of employees contribute to trade-offs on flexible working hours at the company level in the United States and Denmark. Company-level bargaining on working time flexibility in two highly unionized companies in the manufacturing industry—one from each country—are compared, and it is questioned whether there are any significant differences in employee interests that might contribute to a different pattern of working time flexibility. For instance, it is well known that the prevalence of so-called family friendly hours or flexitime (that is, the possibility for employees to vary the start and finishing times of work), is lower in the United States than in many other countries. In Denmark 51 percent of employees report this as an opportunity, whereas this is only the case for 28 percent of American employees. In manufacturing the figures for Denmark and the United States are 58 percent and 24 percent respectively (BLS 2005).¹ This seems to support the notion that employers position themselves differently toward flexibility in different economies, but it does not reveal whether this also results in different orientations among employees or if alternative trade-offs on other types of flexible working hours are developed.

Bargaining Interests on Flexible Working Hours in Denmark and the United States

Flexible working hours in the manufacturing industry of Denmark is predominantly regulated through sector-level framework agreements (Industriens Overenskomst, Industriens Funktionæroverenskomst). These agreements leave considerable room for company-specific adjustments of working hours under the condition that a local shop steward is present and can reach an agreement with management on the issue. As the Danish manufacturing industry is highly organized with a broad coverage of shop stewards (approximately 77 percent of companies with twenty employees or more has shop stewards), most companies can make use of this possibility (Ilsøe forthcoming). The standard work week is thirty-seven hours, but it is possible to conclude agreements on a different *duration* of the work week (longer/shorter working hours), different *scheduling* (shift work, night/weekend work, other nonstandard hours), and different *distribution* (annualized hours, flextime) (Marginson and Sisson 2004). Furthermore, a paragraph in the sector-level agreement has, since 2000 allowed, company-level bargaining parties to agree to ignore the chapter on working hours altogether. However, as with all other agreements the Working Time Directive of the European Union defining a maximum of forty-eight working hours per week and a minimum of eleven hours of rest per day must be respected. In practice, only a limited number of companies have made use of this option (forty-six agreements had been closed until 2006), as the scope for variation is already high within the chapter on working hours.

In the American manufacturing industry working hours are regulated through the Fair Labor Standards Act of 1938 (FLSA), which limits the standard weekly working hours to forty. All hours exceeding this limit within a 168 hours period must be paid as overtime (that is, 150 percent of normal wages). This means that cost-neutral bargaining options on annualized hours/flextime are limited, and employers focus on nonstandard hours and (forced) overtime (Golden and Jorgensen 2002). As the union density is low among employees in the private sector (8 percent), trade unions fear that deviations from the FLSA will result in longer hours and lower pay (BLS 2007; AFL-CIO 2007). In the public sector, where the union density among employees is higher (37 percent), supplementary legislation, the Federal Employees Flexible and Compressed Work Schedules Act of 1982, offers a greater scope for working time flexibility at the workplace level.

The regulatory frameworks in the manufacturing industry of Denmark and the United States contribute to different choices on working time flexibility among employers. However, other macrolevel factors affect employer interests as well. Increasing scarcity of certain types of skilled labor, which has

been reported in both countries, can force employers to focus more on the utilization and retention of skilled employees through flexible hours (Berg et al. 2003). On the side of the employees, an interest in working time flexibility must be expected to interact with the welfare provisions offered for working families (day care, leave options, etc.) as well as wage levels. Low wages increases the dependency on overtime payment that can potentially be lost due to flexible schemes. The interest in flexible hours by both parties must also be seen in the light of the local bargaining power of management and union representatives, respectively, and the social contract they have developed in their bargaining relation (Walton et al. 1994). Low union presence as well as conflictual relations can be potential barriers for negotiating agreements on flexible hours.

Methods and Cases

In keeping with the focus of this paper on comparing employer/employee interests and trade-offs on flexible hours in Danish and American settings, the two cases were carefully chosen to exclude the most common barriers for the development of both employer and employee interest in flexible hours. Apart from being large, multinational companies in manufacturing with agreements on flexible working hours, both companies had wage levels above average, a high percentage of skilled employees, a high union presence, and consensus-oriented bargaining relations (see Table 1).

Each company was contacted through a major trade union in the manufacturing industry—the Central Organization of Industrial Employees (CO-industri) in Denmark and the International Association of Machinist and Aerospace Workers (IAMAW) in the United States. In the American case the director of the local union lodge and the production manager of the company were interviewed (spring 2007), whereas the leading shop steward was interviewed twice in the Danish case (spring/fall 2005). All interviews were fully transcribed, and all written agreements for each company studied before analysis.

Case Presentations: DK Productions vs. US Productions

The story on company level bargaining of flexible hours in the Danish multinational, DK Productions, begins in 2000, when three agreements were settled for different groups of employees at one of the factories in Denmark. The use of working time flexibility was not new, as there was a long tradition of flextime at the company. It had been introduced to tackle the somewhat predictable but quite substantial fluctuations in demand. However, according to the shop steward, the aim of the agreements was to formalize the developed informal practice because the informality caused a lot of trouble for both management and employees. Some employees saved too many hours on

their time accounts, which from time to time caused health problems. Furthermore, in case these employees were fired, the large savings of hours left the company with great expenses and the employees without unemployment insurance. Other employees—especially parents with small children—took time off on a regular basis to pick up their children or participate in social activities at the day care. Over time these employees would accumulate large deficits on their time accounts that they had no idea how to work off. In case these employees got fired or resigned, they would have to pay the company significant compensation.

According to the shop steward, the large fluctuations of the time accounts could not be separated from the fact that the accounts were mainly controlled by the employees themselves. Changes in start and finishing times was only reported to the management and time off in lieu was coordinated with colleagues. However, the employees expressed great satisfaction with this time sovereignty, and it was an important motivation factor in their work. Both management and shop stewards wanted to prevent the large problematic fluctuations, but they did not want to lose the employee-controlled flextime altogether, as the company and the working families gained mutual benefit from it. Therefore, they agreed on introducing a set of relatively tight upper and lower limits on the time accounts of the employees (see Table 1). Today, each account is revised every three months by management and shop stewards, and deviations result in individual agreements on how and when to balance the account. This seems to work to the satisfaction of both management and employees.

In the American multinational, US Productions, company-level bargaining on working hours took off in 1996, when a pilot agreement on compressed work weeks was implemented at one of the factories in the United States. At that time management needed more employees than they could recruit; in

TABLE 1
Basic Facts on the Danish and the American Case Study Companies

	US Productions	DK Productions
Employees at Facility Studied (and Worldwide)	1,200 (6,000)	700 (5,000)
Type of Working Time Flexibility Implemented	Scheduling of hours: 4 10-hour days, Monday to Thursday; or 3 12-hour days, Friday to Sunday	Distribution of hours: Upper and lower limits on time accounts +/-24 or +/-20 hours
Shop Stewards	230 (union representatives on demand)	8 (full-time union representatives)

addition, they wanted to staff the factory around the clock. As a result many employees worked a lot of overtime and found it difficult to get a day off. According to the director of the local union, management suggested solving the problem by introducing a nonregular work week, where five eight-hour work days could be placed differently from week to week according to management's discretion. The union opposed the idea, as it would leave employees unable to predict their own working time and plan their family life, so they surveyed the employees and came up with an alternative suggestion. The union proposed a new scheduling of weekly working hours, where some workers would work ten hours a day Monday through Thursday and others would work twelve hours a day Friday through Sunday. This would allow workers more time off and more predictable time off. The management approved, as this scheme would result in around-the-clock operations and a better utilization of machinery. A pilot agreement on the new schedule was closed with the union; it included an incentive pay in order to attract workers to volunteer. However, the new schedule soon became popular among the employees and the extra pay was removed when the agreement was renegotiated in 2001. Today, approximately 10 percent of the workers in the production facility work under the new schedule, and the schedule is conceived as a success from the point of view of both employees and management. More employees wish to join and are currently on waiting lists. The director of the local union explains that younger workers with small children, in particular, work under the new schedule, as the three-day, twelve-hour schedule on weekends gives them the opportunity to save on day care. If one parent works Monday to Friday and the other parent Friday to Sunday, the only have to take their children to day care on Friday. This saves the families a lot of money on expensive child care arrangements.

Case Analysis

The agreements on working time flexibility in DK Productions and US Productions display interesting similarities as they both imply an increased mutual control of working hours. In the Danish case extreme time sovereignty formerly had negative consequences for management as well as employees but is now balanced by collective evaluations of individual flextime accounts. In the American case an unpopular, costly, and mainly employer-controlled overtime is now reduced thanks to a collective agreement that allow workers to choose a compressed work week schedule. The different content of the agreement (flextime vs. compressed work week) on the one hand reflects the different regulatory frameworks in the two countries. Due to the FLSA American employers are less interested in flexible hours distributed over longer periods than Danish employers. On the other hand, this also seems to reflect

the different welfare provisions offered for working families in Denmark and the United States and how work-life balance is conceptualized among employees.

Case studies of Danish companies with compressed work weeks have shown that employees with young children tend to leave companies when such working hours are introduced in Denmark (Ilsøe 2006). The case of US Productions suggests that this might not be the preference among American employees. It is attractive to American workers to save on day care, even if this means that they will spend very little time together as parents. This is a significant finding in the case of US productions, as their employees are among some of the highest paid workers in the region. However, a comparison of average day care prices in Denmark and the United States might set this difference in employee preferences into perspective. The cost of full-time day care for infants and toddlers (0–2 years) as well as preschool children (3–5 years) is between 25 to 30 percent higher for parents in the United States than in Denmark, even though average American wages are half of Danish ones (see Table 2). This asymmetry suggests that day care expenses on average make up a larger part of parents salaries in the United States than in Denmark. Furthermore, other differences in the day care provisions offered might contribute to the different strategies for work-life balances among Danish and American workers. The Danish day care system is a state-led system with consistent quality standards, availability guarantees, and high support from public means. The public spending on families is lower in the United States than in Denmark (1.4 vs. 3.9 percent of the GDP) as well as the participation rate in child care services (36 vs. 62 percent for infant or toddler, 62 vs. 90 percent for preschool), which might reflect poorer availability (OECD 2007). In addition, the quality of day care in the United States can be questioned, as many providers are unlicensed and therefore not regulated by the state (NACCRRRA 2007).

Conclusion and Perspectives

The regulation of overtime payment in the FLSA sets a limit on the interest of American employers in flextime, whereas Danish regulation does not inhibit employer interests in the same way. However, two case studies of collective bargaining on flexible hours at Danish and American companies suggest that this does not allow us to conclude a larger prevalence of working time flexibility in Denmark than in the United States altogether. The American case demonstrates that not only does different regulation generate different employer interests; different welfare provisions also generate different employee interests. This raises the question of whether it is possible to talk about only one type of work-life balance and highlight one type of flexible working hours (like flextime) as family-friendly.

TABLE 2
Day Care Costs in the United States and Denmark

	United States	Denmark
Average annual ² price of full-time care in a child care center (infant or toddler), 2006	\$8,150	\$5,953
Average annual price of full-time care in a child care center (preschool), 2006	\$6,423	\$4,004
Average gross wages per hour for full-time employees, 2005	\$21	\$43.80

Note: Cost of day care based on NACCRRRA 2007 and author's calculations using Statistics Denmark (<http://www.statistikbanken.dk>). Average gross wages based on the OECD Labour Force Survey (<http://www.oecd.org>) and author's calculations.

The analysis of the case studies does not support the argument that the form and prevalence of working time flexibility is a global and evenly distributed phenomenon along sector-specific employer interests. Nor does it support the argument that working time flexibility strictly follows the pattern of employer interests that you can find in the Varieties of Capitalism School. There appears to be another factor in play—namely, the interests of employees—which depends on the welfare benefits offered. Variations in working time flexibility and work-life balance is created in the clash between sector-specific conditions, national regulation and welfare provisions for working families. Therefore, studies on flexible working hours within Industrial Relations should reflect this complexity to a larger extent by including employee interests and welfare provisions in their analyses.

Note

1. See also <http://www.europeansocialsurvey.org>.

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